

CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1461

Citations Affected: IC 6-3; IC 6-3.1; IC 6-5.5-1-2; IC 6-9-2.

Synopsis: Tax exemptions and credits. Conference committee report for EHB 1461. Exempts from taxation certain income derived from qualified patents and earned by a taxpayer. Defines qualified patent to include only utility patents and plant patents. Provides that the total amount of exemptions claimed by a taxpayer in a taxable year may not exceed \$5,000,000. Provides that a taxpayer may not claim an exemption for income derived from a particular patent for more than ten taxable years. Provides that the exemption percentage begins at 50% of income derived from a qualified patent for each of the first five taxable years and decreases over the next five taxable years to 10% in the tenth taxable year. Specifies that a taxpayer is eligible to claim the credit only if the taxpayer is domiciled in Indiana and is: (1) either an individual or a corporation with not more 500 employees; or (2) a nonprofit organization or corporation. Requires the department of state revenue to file an annual report concerning the exemption. Establishes the Hoosier alternative fuel vehicle manufacturer tax credit. Provides that the Indiana economic development corporation (IEDC) may award such a tax credit to businesses that make certain qualified investments in Indiana for the manufacture or assembly of alternative fuel vehicles. Provides that the IEDC determines the percentage of the tax credit, which may not exceed 15%. Makes changes to membership qualifications for members of the Lake County convention and visitors bureau (bureau). Specifies that the bureau is a political subdivision for purposes of the Indiana tort claims act. **(This conference committee report is the same as the Senate-passed version of EHB 1461 (as reprinted April 6, 2007), except that this conference committee report: (1) makes technical changes; and (2) incorporates provisions from the House-passed version of HB 1166 (as reprinted February 20, 2007) concerning the bureau. However, this conference committee report changes IC 6-9-2-3 concerning bureau membership only: (i) by expanding eligibility qualifications of bureau members; and (ii) by providing that any bureau member who is appointed as of January 1, 2007, is eligible for reappointment. In addition, this conference committee report does not extend the terms of certain bureau members.)**

Effective: January 1, 2007 (retroactive); July 1, 2007; January 1, 2008.

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1461 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,
- 3 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,
- 4 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
- 5 [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article,
- 6 the term "adjusted gross income" shall mean the following:
- 7 (a) In the case of all individuals, "adjusted gross income" (as
- 8 defined in Section 62 of the Internal Revenue Code), modified as
- 9 follows:
- 10 (1) Subtract income that is exempt from taxation under this article
- 11 by the Constitution and statutes of the United States.
- 12 (2) Add an amount equal to any deduction or deductions allowed
- 13 or allowable pursuant to Section 62 of the Internal Revenue Code
- 14 for taxes based on or measured by income and levied at the state
- 15 level by any state of the United States.
- 16 (3) Subtract one thousand dollars (\$1,000), or in the case of a
- 17 joint return filed by a husband and wife, subtract for each spouse
- 18 one thousand dollars (\$1,000).
- 19 (4) Subtract one thousand dollars (\$1,000) for:
- 20 (A) each of the exemptions provided by Section 151(c) of the
- 21 Internal Revenue Code;
- 22 (B) each additional amount allowable under Section 63(f) of

the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996~~ *(as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer

residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable

income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the

same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 2. IC 6-3-2-21.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 21.7. (a) This section applies to a qualified patent issued to a taxpayer after December 31, 2007.**

(b) As used in this section, "invention" has the meaning set forth

in 35 U.S.C. 100(a).

(c) As used in this section, "qualified patent" means:

(1) a utility patent issued under 35 U.S.C. 101; or

(2) a plant patent issued under 35 U.S.C. 161;

after December 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent issued under 35 U.S.C. 171.

(d) As used in this section, "qualified taxpayer" means a taxpayer that on the effective filing date of the claimed invention:

(1) is either:

(A) an individual or corporation, if the number of employees of the individual or corporation, including affiliates as specified in 13 CFR 121.103, does not exceed five hundred (500) persons; or

(B) a nonprofit organization or nonprofit corporation as specified in:

(i) 37 CFR 1.27(a)(3)(ii)(A) or 37 CFR 1.27(a)(3)(ii)(B); or

(ii) IC 23-17; and

(2) is domiciled in Indiana.

(e) Subject to subsections (g) and (h), in determining adjusted gross income or taxable income under IC 6-3-1-3.5 or IC 6-5.5-1-2, a qualified taxpayer is entitled to an exemption from taxation under IC 6-3-1 through IC 6-3-7 for the following:

(1) Licensing fees or other income received for the use of a qualified patent.

(2) Royalties received for the infringement of a qualified patent.

(3) Receipts from the sale of a qualified patent.

(4) Subject to subsection (f), income from the taxpayer's own use of the taxpayer's qualified patent to produce the claimed invention.

(f) The exemption provided by subsection (e)(4) may not exceed the fair market value of the licensing fees or other income that would be received by allowing use of the qualified taxpayer's qualified patent by someone other than the taxpayer. The fair market value referred to in this subsection must be determined in each taxable year in which the qualified taxpayer claims an exemption under subsection (e)(4).

(g) The total amount of exemptions claimed under this section by a qualified taxpayer in a taxable year may not exceed five million dollars (\$5,000,000).

(h) A taxpayer may not claim an exemption under this section with respect to a particular qualified patent for more than ten (10) taxable years. Subject to the provisions of this section, the following amount of the income, royalties, or receipts described in subsection (e) from a particular qualified patent is exempt:

(1) Fifty percent (50%) for each of the first five (5) taxable years in which the exemption is claimed for the qualified patent.

(2) Forty percent (40%) for the sixth taxable year in which

the exemption is claimed for the qualified patent.

(3) Thirty percent (30%) for the seventh taxable year in which the exemption is claimed for the qualified patent.

(4) Twenty percent (20%) for the eighth taxable year in which the exemption is claimed for the qualified patent.

(5) Ten percent (10%) each year for the ninth and tenth taxable year in which the exemption is claimed for the qualified patent.

(6) No exemption under this section for the particular qualified patent after the eleventh taxable year in which the exemption is claimed for the qualified patent.

(i) To receive the exemption provided by this section, a qualified taxpayer must claim the exemption on the qualified taxpayer's annual state tax return or returns in the manner prescribed by the department. The qualified taxpayer shall submit to the department all information that the department determines is necessary for the determination of the exemption provided by this section.

(j) On or before December 1 of each year, the department shall provide an evaluation report to the legislative council, the budget committee, and the Indiana economic development corporation. The evaluation report must contain the following:

(1) The number of taxpayers claiming an exemption under this section.

(2) The sum of all the exemptions claimed under this section.

(3) The North American Industry Classification System code for each taxpayer claiming an exemption under this section.

(4) Any other information the department considers appropriate, including the number of qualified patents for which an exemption was claimed under this section.

The report required under this subsection must be in an electronic format under IC 5-14-6.

SECTION 3. IC 6-3.1-1-3, AS ADDED BY P.L.199-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3. A taxpayer (as defined in the following laws), pass through entity (as defined in the following laws), or shareholder, partner, or member of a pass through entity may not be granted more than one (1) tax credit under the following laws for the same project:

(1) IC 6-3.1-10 (enterprise zone investment cost credit).

(2) IC 6-3.1-11 (industrial recovery tax credit).

(3) IC 6-3.1-11.5 (military base recovery tax credit).

(4) IC 6-3.1-11.6 (military base investment cost credit).

(5) IC 6-3.1-13.5 (capital investment tax credit).

(6) IC 6-3.1-19 (community revitalization enhancement district tax credit).

(7) IC 6-3.1-24 (venture capital investment tax credit).

(8) IC 6-3.1-26 (Hoosier business investment tax credit).

(9) IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer tax credit).

If a taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity has been granted more than one (1) tax credit

for the same project, the taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity must elect to apply only one (1) of the tax credits in the manner and form prescribed by the department.

SECTION 4. IC 6-3.1-31.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Chapter 31.9. Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit

Sec. 1. As used in this chapter, "alternative fuel" means:

- (1) methanol, denatured ethanol, and other alcohols;
- (2) mixtures containing eighty-five percent (85%) or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuel;
- (3) natural gas;
- (4) liquefied petroleum gas;
- (5) hydrogen;
- (6) coal-derived liquid fuels;
- (7) non-alcohol fuels derived from biological material;
- (8) P-Series fuels; or
- (9) electricity.

Sec. 2. As used in this chapter, "alternative fuel vehicle" means any vehicle designed to operate on at least one (1) alternative fuel.

Sec. 3. As used in this chapter, "the corporation" means the Indiana economic development corporation established by IC 5-28-3-1.

Sec. 4. As used in this chapter, "director" has the meaning set forth in IC 6-3.1-13-3.

Sec. 5. As used in this chapter, "highly compensated employee" has the meaning set forth in Section 414(q) of the Internal Revenue Code.

Sec. 6. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6.

Sec. 7. As used in this chapter, "qualified investment" means the amount of a taxpayer's expenditures in Indiana that are reasonable and necessary for the manufacture or assembly of alternative fuel vehicles, including:

- (1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution equipment, jigs, dies, or fixtures;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, finishing, distribution, transportation, or logistical distribution facilities;
- (6) costs associated with retooling existing machinery and

equipment;

(7) costs associated with the construction of special purpose buildings, pits, and foundations; and

(8) costs associated with the purchase of machinery, equipment, or special purpose buildings used to manufacture or assemble alternative fuel vehicles;

that are certified by the corporation under this chapter as being eligible for the credit under this chapter.

Sec. 8. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 9. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or other entity that has state tax liability.

Sec. 10. The corporation may make credit awards under this chapter to:

(1) foster job creation and higher wages;

(2) reduce dependency upon energy sources imported into the United States; and

(3) reduce air pollution as the result of the manufacture or assembly of alternative fuel vehicles in Indiana.

Sec. 11. A taxpayer that:

(1) is awarded a tax credit under this chapter by the corporation; and

(2) complies with the conditions set forth in this chapter and the agreement entered into by the corporation and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

Sec. 12. The total amount of a tax credit claimed for a taxable year under this chapter is a percentage determined by the corporation, not to exceed fifteen percent (15%) of the amount of a qualified investment made by the taxpayer in Indiana during that taxable year. The taxpayer may carry forward any unused credit.

Sec. 13. (a) A taxpayer may carry forward an unused credit for the number of years determined by the corporation, not to exceed nine (9) consecutive taxable years, beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the unused part of a credit allowed under this chapter.

(c) A taxpayer may:

(1) claim a tax credit under this chapter for a qualified investment; and

(2) carry forward a remainder for one (1) or more different

1 qualified investments;
2 in the same taxable year.

3 (d) The total amount of each tax credit claimed under this
4 chapter may not exceed fifteen percent (15%) of the qualified
5 investment for which the tax credit is claimed.

6 Sec. 14. A person that proposes a project to manufacture or
7 assemble alternative fuel vehicles that would create new jobs,
8 increase wage levels, or involve substantial capital investment in
9 Indiana may apply to the corporation before the taxpayer makes
10 the qualified investment to enter into an agreement for a tax credit
11 under this chapter. The corporation shall prescribe the form of the
12 application.

13 Sec. 15. After receipt of an application, the corporation may
14 enter into an agreement with the applicant for a credit under this
15 chapter if the corporation determines that all the following
16 conditions exist:

17 (1) The applicant's project will raise the total earnings of
18 employees of the applicant in Indiana.

19 (2) The applicant's project is economically sound and will
20 benefit the people of Indiana by increasing opportunities for
21 employment and strengthening the economy of Indiana.

22 (3) The manufacture or assembly of alternative fuel vehicles
23 by the applicant will reduce air pollution.

24 (4) The manufacture or assembly of alternative fuel vehicles
25 by the applicant will reduce dependence by the United States
26 on foreign energy sources.

27 (5) Receiving the tax credit is a major factor in the applicant's
28 decision to go forward with the project.

29 (6) Awarding the tax credit will result in an overall positive
30 fiscal impact to the state, as certified by the budget agency
31 using the best available data.

32 (7) The credit is not prohibited by section 16 of this chapter.

33 (8) The average wage that will be paid by the taxpayer to its
34 employees (excluding highly compensated employees) at the
35 location after the credit is given will be at least equal to one
36 hundred fifty percent (150%) of the hourly minimum wage
37 under IC 22-2-2-4 or its equivalent.

38 Sec. 16. A person is not entitled to claim the credit provided by
39 this chapter for any jobs that the person relocates from one (1) site
40 in Indiana to another site in Indiana. Determinations under this
41 section shall be made by the corporation.

42 Sec. 17. The corporation shall certify the amount of the qualified
43 investment that is eligible for a credit under this chapter. In
44 determining the credit amount that should be awarded, the
45 corporation shall grant a credit only for the amount of the
46 qualified investment that is directly related to expanding:

47 (1) the workforce in Indiana; or

48 (2) the capital investment in Indiana.

49 Sec. 18. The corporation shall enter into an agreement with an
50 applicant that is awarded a credit under this chapter. The
51 agreement must include all the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The first taxable year for which the credit may be claimed.
- (3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that immediately preceded the first taxable year in which the credit may be claimed.
- (4) The maximum tax credit amount that will be allowed for each taxable year.
- (5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.
- (6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.
- (7) A requirement that the taxpayer shall annually report to the corporation the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.
- (8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7), and that after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.
- (9) A requirement that the taxpayer shall pay an average wage to all its employees other than highly compensated employees in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.
- (10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.
- (11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.
- (12) A requirement that the taxpayer shall provide written notification to the director and the corporation not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.
- (13) Any other performance conditions that the corporation determines are appropriate.

Sec. 19. A taxpayer claiming a credit under this chapter shall submit to the department of state revenue a copy of the director's certificate of verification under this chapter for the taxable year.

1 However, failure to submit a copy of the certificate does not
2 invalidate a claim for a credit.

3 Sec. 20. If the director determines that a taxpayer who has
4 received a credit under this chapter is not complying with the
5 requirements of the tax credit agreement or all the provisions of
6 this chapter, the director shall, after giving the taxpayer an
7 opportunity to explain the noncompliance, notify the Indiana
8 economic development corporation and the department of state
9 revenue of the noncompliance and request an assessment. The
10 department of state revenue, with the assistance of the director,
11 shall state the amount of the assessment, which may not exceed the
12 sum of any previously allowed credits under this chapter. After
13 receiving the notice, the department of state revenue shall make an
14 assessment against the taxpayer under IC 6-8.1.

15 Sec. 21. On or before March 31 each year, the director shall
16 submit a report to the corporation on the tax credit program under
17 this chapter. The report must include information on the number
18 of agreements that were entered into under this chapter during the
19 preceding calendar year, a description of the project that is the
20 subject of each agreement, an update on the status of projects
21 under agreements entered into before the preceding calendar year,
22 and the sum of the credits awarded under this chapter. A copy of
23 the report shall be transmitted in an electronic format under
24 IC 5-14-6 to the executive director of the legislative services agency
25 for distribution to the members of the general assembly.

26 Sec. 22. On a biennial basis, the corporation shall provide for an
27 evaluation of the tax credit program. The evaluation must include
28 an assessment of the effectiveness of the program in creating new
29 jobs and increasing wages in Indiana and of the revenue impact of
30 the program and may include a review of the practices and
31 experiences of other states with similar programs. The director
32 shall submit a report on the evaluation to the governor, the
33 president pro tempore of the senate, and the speaker of the house
34 of representatives after June 30 and before November 1 in each
35 odd-numbered year. The report provided to the president pro
36 tempore of the senate and the speaker of the house of
37 representatives must be in an electronic format under IC 5-14-6.

38 Sec. 23. (a) This chapter applies to taxable years beginning after
39 December 31, 2006.

40 (b) Notwithstanding the other provisions of this chapter, the
41 corporation may not approve a credit for a qualified investment
42 made after December 31, 2012. However, this section may not be
43 construed to prevent a taxpayer from carrying an unused tax
44 credit attributable to a qualified investment made before January
45 1, 2012, forward to a taxable year beginning after December 31,
46 2011, in the manner provided by section 13 of this chapter.

47 SECTION 5. IC 6-5.5-1-2, AS AMENDED BY P.L.246-2005,
48 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
49 JANUARY 1, 2008]: Sec. 2. (a) Except as provided in subsections (b)
50 through (d), "adjusted gross income" means taxable income as defined
51 in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

- 1 (B) Income that is derived from sources outside the United
 2 States, as defined by the Internal Revenue Code.
- 3 (C) An amount equal to a debt or part of a debt that becomes
 4 worthless, as permitted under Section 166(a) of the Internal
 5 Revenue Code.
- 6 (D) An amount equal to any bad debt reserves that are
 7 included in federal income because of accounting method
 8 changes required by Section 585(c)(3)(A) or Section 593 of
 9 the Internal Revenue Code.
- 10 (E) The amount necessary to make the adjusted gross income
 11 of any taxpayer that owns property for which bonus
 12 depreciation was allowed in the current taxable year or in an
 13 earlier taxable year equal to the amount of adjusted gross
 14 income that would have been computed had an election not
 15 been made under Section 168(k) of the Internal Revenue Code
 16 to apply bonus depreciation.
- 17 (F) The amount necessary to make the adjusted gross income
 18 of any taxpayer that placed Section 179 property (as defined
 19 in Section 179 of the Internal Revenue Code) in service in the
 20 current taxable year or in an earlier taxable year equal to the
 21 amount of adjusted gross income that would have been
 22 computed had an election for federal income tax purposes not
 23 been made for the year in which the property was placed in
 24 service to take deductions under Section 179 of the Internal
 25 Revenue Code in a total amount exceeding twenty-five
 26 thousand dollars (\$25,000).
- 27 **(G) Income that is:**
- 28 **(i) exempt from taxation under IC 6-3-2-21.7; and**
 29 **(ii) included in the taxpayer's taxable income under the**
 30 **Internal Revenue Code.**
- 31 (b) In the case of a credit union, "adjusted gross income" for a
 32 taxable year means the total transfers to undivided earnings minus
 33 dividends for that taxable year after statutory reserves are set aside
 34 under IC 28-7-1-24.
- 35 (c) In the case of an investment company, "adjusted gross income"
 36 means the company's federal taxable income multiplied by the quotient
 37 of:
- 38 (1) the aggregate of the gross payments collected by the company
 39 during the taxable year from old and new business upon
 40 investment contracts issued by the company and held by residents
 41 of Indiana; divided by
- 42 (2) the total amount of gross payments collected during the
 43 taxable year by the company from the business upon investment
 44 contracts issued by the company and held by persons residing
 45 within Indiana and elsewhere.
- 46 (d) As used in subsection (c), "investment company" means a
 47 person, copartnership, association, limited liability company, or
 48 corporation, whether domestic or foreign, that:
- 49 (1) is registered under the Investment Company Act of 1940 (15
 50 U.S.C. 80a-1 et seq.); and
- 51 (2) solicits or receives a payment to be made to itself and issues

in exchange for the payment:

- (A) a so-called bond;
- (B) a share;
- (C) a coupon;
- (D) a certificate of membership;
- (E) an agreement;
- (F) a pretended agreement; or
- (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 6. IC 6-9-2-2, AS AMENDED BY P.L.168-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund thirty-five percent (35%) of the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the ~~promotion fund bureau's funds~~ may be expended ~~only~~ to promote and encourage conventions, trade shows, special events, recreation, and visitors. ~~within the county.~~ Money may be paid from the promotion fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax

imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest forty-four and thirty-three hundredths percent (44.33%) of the revenue received under this chapter for that year to be used as follows:

(1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.

(2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

~~The amount for each year shall be transferred in four (4) approximately equal quarterly installments.~~

(d) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county nine percent (9%) of the revenue received under this chapter for that year ~~The amount of each city's or town's allocation is as follows:~~

(1) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred~~ **distributed** to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred~~ **distributed** to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(3) Ten percent (10%) of the revenue covered by this subsection shall be ~~transferred~~ **distributed** to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).

(4) ~~Five~~ **Seventy** percent (~~5%~~) (**70%**) of the revenue covered by this subsection shall be ~~transferred~~ **distributed in equal amounts** to each town and each city not receiving a ~~transfer distribution~~ under subdivisions (1) through (3).

The money ~~transferred~~ **distributed** under this subsection may be used only for **tourism and** economic development projects. The county treasurer shall make the ~~transfers~~ **distributions** on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet nine percent (9%) of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred thousand dollars (\$1,200,000) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

(1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for convention facilities located within the city. In addition, the money may be used only for facility marketing, sales, and public relations programs. Money transferred under this subsection may not be used for salaries, facility operating costs, or capital expenditures related to the convention facilities. The county treasurer shall make the transfers on or before December 1 of each year.

(g) This subsection applies to the revenue received from the tax imposed under this chapter in each year that exceeds one million two hundred thousand dollars (\$1,200,000). During each year, the county treasurer shall distribute money in the promotion fund as follows:

(1) Eighty-five percent (85%) of the revenue covered by this subsection shall be deposited in the convention, tourism, and visitor promotion fund. The money deposited in the fund under this subdivision may be used only for the purposes for which other money in the fund may be used.

(2) Five percent (5%) of the revenue covered by this subsection shall be transferred to Purdue University-Calumet. The money received by Purdue University-Calumet under this subdivision may be used by the university only for nursing education programs.

(3) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's medical education programs.

(4) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's allied health education programs.

~~(h) The county treasurer may estimate the amount that will be received under this chapter for the year to determine the amount to be transferred under this section.~~

~~(i)~~ **(h)** This subsection applies only to the distribution of revenue received from the tax imposed under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county. During each year, the county treasurer shall transfer:

(1) seventy-five percent (75%) of the revenues under this subsection to the department of public safety; and

(2) twenty-five percent (25%) of the revenues under this subsection to the division of physical and economic development;

of the largest city of the county.

(j) (i) The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 7. IC 6-9-2-3, AS AMENDED BY P.L.168-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section, the size of a political subdivision is based on the population determined in the last federal decennial census.

(b) A convention and visitor bureau having fifteen (15) members is created to promote the development and growth of the convention, tourism, and visitor industry in the county.

(c) The executives (as defined by IC 36-1-2-5) of the eight (8) largest municipalities (as defined by IC 36-1-2-11) in the county shall each appoint one (1) member to the bureau. The legislative body (as defined in IC 36-1-2-9) of the two (2) largest municipalities in the county shall each appoint one (1) member to the bureau.

(d) The county council shall appoint two (2) members to the bureau. One (1) of the appointees must be a resident of the largest township in the county, and one (1) of the appointees must be a resident of the second largest township in the county.

(e) The county commissioners shall appoint two (2) members to the bureau. Each appointee must be a resident of the fifth, sixth, seventh, eighth, ninth, tenth, or eleventh largest township in the county. These appointees must be residents of different townships.

(f) The lieutenant governor shall appoint one (1) member to the bureau.

(g) One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the highest number of votes in the county in the last preceding election for the office of secretary of state. One (1) of the appointees under subsection (d) and one (1) of the appointees under subsection (e) must be members of the political party that received the second highest number of votes in the county in the election for that office. No appointee under this section may hold an elected or appointed political office while ~~he serves~~ **serving** on the bureau.

(h) In making appointments under this section, the appointing authority shall give sole consideration to individuals who ~~shall be~~ **are** knowledgeable ~~and interested about or employed as executives or managers~~ in at least one (1) of the following businesses in the county:

(1) Hotel.

(2) Motel.

(3) Restaurant.

(4) Travel.

(5) Transportation.

(6) Convention.

(7) Trade show.

(8) A riverboat licensed under IC 4-33.

(9) Banking.

(10) Real estate.

(11) Construction.

1 **However, an individual employed by a riverboat may not be**
 2 **appointed under this section unless the individual holds a Level 1**
 3 **occupational license issued under IC 4-33-8. This subsection does**
 4 **not apply to board members appointed before July 1, 2007, who**
 5 **are eligible for reappointment after June 30, 2007.**

6 (i) All terms of office of bureau members begin on July 1. Members
 7 of the bureau serve terms of three (3) years. A member whose term
 8 expires may be reappointed to serve another term. If a vacancy occurs,
 9 the appointing authority shall appoint a qualified person to serve for the
 10 remainder of the term. If an appointment is not made before July 16 or
 11 a vacancy is not filled within thirty (30) days, the member appointed by
 12 the lieutenant governor under subsection (f) shall appoint a qualified
 13 person.

14 (j) A member of the bureau may be removed for cause by the
 15 member's appointing authority.

16 (k) Members of the bureau may not receive a salary. However,
 17 bureau members are entitled to reimbursement for necessary expenses
 18 incurred in the performance of their respective duties.

19 (l) Each bureau member, before entering the member's duties, shall
 20 take an oath of office in the usual form, to be endorsed upon the
 21 member's certificate of appointment and promptly filed with the clerk
 22 of the circuit court of the county.

23 (m) The bureau shall meet after July 1 each year for the purpose of
 24 organization. The bureau shall elect a chairman from its members. The
 25 bureau shall also elect from its members a vice chairman, a secretary,
 26 and a treasurer. The members serving in those offices shall perform the
 27 duties pertaining to the offices. The first officers chosen shall serve
 28 until their successors are elected and qualified. A majority of the
 29 bureau constitutes a quorum, and the concurrence of a majority of those
 30 present is necessary to authorize any action.

31 (n) If the county and one (1) or more adjoining counties desire to
 32 establish a joint bureau, the counties shall enter into an agreement
 33 under IC 36-1-7. ~~In the absence of such an agreement, the bureau may~~
 34 ~~not expend funds to promote activities in any other county.~~

35 **(o) Notwithstanding any other law, any bureau member**
 36 **appointed as of January 1, 2007, is eligible for reappointment.**

37 SECTION 8. IC 6-9-2-4, AS AMENDED BY P.L.168-2005,
 38 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2007]: Sec. 4. (a) The bureau may:

- 40 (1) accept and use gifts, grants, and contributions from any public
- 41 or private source, under terms and conditions that the bureau
- 42 considers necessary and desirable;
- 43 (2) sue and be sued;
- 44 (3) enter into contracts and agreements;
- 45 (4) make rules necessary for the conduct of its business and the
- 46 accomplishment of its purposes;
- 47 (5) receive and approve, alter, or reject requests and proposals for
- 48 funding by corporations qualified under subdivision (6);
- 49 (6) after its approval of a proposal, transfer money from the
- 50 promotion fund or from the alternate revenue fund to any Indiana
- 51 nonprofit corporation to promote and encourage conventions,

trade shows, visitors, or special events in the county;
 (7) require financial or other reports from any corporation that receives funds under this chapter;
 (8) enter into leases under IC 36-1-10 for the construction, acquisition, and equipping of a visitor center; and
 (9) exercise the power of eminent domain to acquire property to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county.

(b) All expenses of the bureau shall be paid from ~~the promotion fund~~ **funds established by the bureau**. Before September 1 of each year, the bureau shall prepare a budget for expenditures ~~from the promotion fund~~ during the following year, taking into consideration the recommendations made by a corporation qualified under subsection (a)(6). **A budget prepared under this section must be submitted to the department of local government finance and placed on file with the county auditor.**

(c) All money in the ~~promotion fund~~ **bureau's funds** shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money in the ~~promotion fund~~ **is bureau's funds** are subject to audit and supervision by the state board of accounts.

SECTION 9. IC 6-9-2-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The legislative body of a county that imposes a tax under section 1 of this chapter shall annually prepare a report concerning the disbursement and use of the money collected under this chapter **during the preceding calendar year**. The report shall be prepared before ~~December~~ **March** 15 each year and shall be made available to the public.

(b) If in any year an entity receiving money under this chapter fails to provide the county legislative body with sufficient information, as reasonably requested by the county legislative body:

(1) for the county legislative body to comply with this section;
 and

(2) before the date specified by the county legislative body;
 the county legislative body may direct the county treasurer by resolution to stop deposits and transfers under this chapter to the entity. When an entity provides the information that is the subject of the resolution, the county legislative body shall as soon as practicable direct the county treasurer, by resolution, to resume making deposits and transfers to the entity, including any deposits and transfers that would otherwise have been made to the entity during the time that deposits and transfers were stopped under this subsection. A copy of a resolution adopted under this subsection must be distributed to the county treasurer and the entity that is the subject of the resolution within ten (10) business days after the resolution is adopted. The county treasurer shall comply with a resolution adopted under this subsection.

SECTION 10. IC 6-9-2-11 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. The bureau created under section 3 of this chapter is a political subdivision for purposes of IC 34-13-3.**

1 SECTION 11. [EFFECTIVE JANUARY 1, 2008] **(a) IC 6-3-1-3.5**
2 **and IC 6-5.5-1-2, both as amended by this act, apply only to taxable**
3 **years beginning after December 31, 2007, for patents issued after**
4 **December 31, 2007.**

5 **(b) IC 6-3-2-21.7, as added by this act, applies only to taxable**
6 **years beginning after December 31, 2007.**

7 **(c) The department of state revenue may adopt rules and**
8 **prescribe forms to implement IC 6-3-2-21.7, as added by this act.**

9 **SECTION 12. An emergency is declared for this act.**

 (Reference is to EHB 1461 as reprinted April 6, 2007.)

Conference Committee Report
on
Engrossed House Bill 1461

Signed by:

Representative Kuzman
Chairperson

Senator Ford

Representative Bosma

Senator Broden

House Conferees

Senate Conferees